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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 3, 2015

Certified Return Receipt
7013 3020 0002 3659 5576

James R. Blakesley
Attorney at Law
2595 East 3300 South
Salt Lake City, Utah 84109

Subject: Reclamation Responsibilities, Wasatch Mountain Excavating, Inc., Elite Rock West (NOI Withdrawn), S/049/0050, Utah County, Utah

Dear Mr. Blakesley:

This letter is in regard to your client, Robert Aurora Sky LLC, and its managing member, Matt Shadle, asking for a decision on how to reclaim the Elite Rock West mine site. This mine is in Section 12, Township 11 South, Range 2 West, and is on the other side of the long berm from the new area where Johansen Construction has applied for a permit (Notice of Intention to Commence Small Mining Operations or Notice).

To give some historical context to this permit, the Division of Oil, Gas and Mining (Division) withdrew the Notice for the Elite Rock West mine in May 2014 for failure to pay permit fees. The Division also directed the mine operator, Wasatch Mountain Excavating, Inc., to reclaim by April 30, 2014. The operator failed to reclaim the site. As a result, the Division intended to pursue bond forfeiture proceedings in accordance with rule R647-3-112.

As an alternative to conducting forfeiture proceedings, it was discussed during the field meeting in early April 2015, that Mr. Shadle may want to reclaim the mine. If Mr. Shadle wants to reclaim with no expectation of being reimbursed monetarily, there is nothing standing in his way. The Division would thank him for doing it and resolving the matter.

Some requirements need to be met if, in exchange for doing reclamation work, Mr. Shadle wants to receive some or all of the reclamation surety money being held by the Division. The Division holds a \$10,000 reclamation surety in the form of a Certificate of Deposit (CD) at Chase Bank. This CD is in the name of Wasatch Mountain Excavating, Inc. If Mr. Shadle wants some or all of this money as reimbursement for his reclamation work, he would need to establish an agreement with Wasatch Mountain Excavating where the parties would agree to release the CD to Robert Aurora Sky LLC or Mr. Shadle. In turn, the Division would issue a letter to Chase Bank approving the release of the CD from Wasatch Excavating conditioned on the CD being immediately reissued in the name of Matt Shadle or Robert Aurora Sky. The Division would then be in a position to release the CD to the new owner once reclamation was complete and the site had been inspected. The Division will not allow the money to be released before the site is reclaimed.



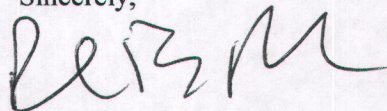
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A representative from the Division would work closely with Mr. Shadle if he reclaims the mine to ensure he understands the Division's expectations. This would likely include an on-site meeting prior to the commencement of reclamation, one or more inspections while the work is being done, and another inspection before demobilization to make sure the work has been done properly.

If Mr. Shadle does not intend to reclaim the site, the Division is likely to pursue forfeiture through the Board of Oil, Gas and Mining. Once authorized by the Board, the Division would select a contractor to conduct the reclamation work. The State of Utah is required to follow procedures outlined by the State Purchasing Office and must select the lowest bidder to perform the reclamation work. Should Mr. Shadle bid on the job (and he is welcome to do so), there would be no guarantee that he would be awarded the work.

Please review these options with Mr. Shadle. The Division would appreciate a response by July 1, 2015, as to whether Mr. Shadle intends to reclaim the mine. If we do not hear from you, the Division will pursue bond forfeiture proceedings as discussed above in accordance with rule R647-3-112. Forfeiture proceedings would take place before the Utah Board of Oil, Gas and Mining on a date to be announced. Please contact me at 801-538-5261 or April Abate at 801-538-5214 with questions about this letter. We look forward to hearing from you.

Sincerely,



Paul B. Baker
Minerals Program Manager

PBB:aa:djc:pb

cc: Douglas J. Crapo, Utah Attorney General's Office, (douglascrapo@utah.gov)
John Robinson Jr., Utah Attorney General's Office, (jrobinson@utah.gov)
Peggy Kelsey, Utah County (peggyk@utahcounty.gov)

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